

**TOWN OF DAVIE  
SPECIAL MEETING  
SEPTEMBER 30, 2005**

The meeting was called to order at 12:06 p.m. Present at the meeting were Mayor Truex and Councilmembers Crowley, Paul and Starkey. Also present were Town Administrator Kovanes, Town Attorney Kiar, Attorney Parke, and Assistant Town Clerk McDaniel recording the meeting.

Councilmember Crowley made a motion, seconded by Mayor Truex, to excuse Vice-Mayor Hubert. In a voice vote, with Vice-Mayor Hubert being absent, all voted in favor. (Motion carried 4-0)

1. A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, PROVIDING NOTICE TO THE BOARD OF THE SOUTH EAST RISK MANAGEMENT ASSOCIATION (SERMA) THAT THE TOWN MAY SOLICIT INSURANCE BIDS OR UTILIZE ANY OTHER PROCEDURE DEEMED APPROPRIATE BY THE TOWN COUNCIL, AND POTENTIALLY WITHDRAW FROM THE SERMA RISK MANAGEMENT POOL AT THE TOWN'S OPTION; AND, PROVIDING FOR AN EFFECTIVE DATE.

Mr. Kovanes explained the resolution and advised that the resolution would need to be approved to provide SERMA with notice. Mayor Truex asked if this item would be placed out to bid. Mr. Kovanes advised that this was one avenue that could be utilized. Mayor Truex asked when this would take effect with Mr. Kovanes responding October 1, 2006.

Risk Manager Dan Lutzke explained the Town's insurance program and the Town's self-insurance fund was approximately \$2 million that applied to uninsured claims. Councilmember Paul questioned what happened to the fund. Mr. Lutzke responded that ending the contract would have no effect on the fund. Councilmember Paul indicated that the Town would save approximately \$600,000 if it went through the Florida League of Cities. Human Resources Director Mark Alan indicated that he could not confirm this as he had only knowledge from the previous bid. Mr. Kovanes confirmed that the \$2 million remained with the Town.

Councilmember Paul asked if it would be possible to re-negotiate a reduction in the premium. Mr. Kovanes believed that the Town was locked in to the current rates and was unable to re-negotiate rates. Councilmember Paul asked when this could go out to bid. Mr. Lutzke advised that a decision would be made in January or February, and then bid packages would go out in March to provide a six-month lead-time. He advised that the majority of the responses would not come in until September. Councilmember Paul asked if a multi-year projection could be requested in the bid. Mr. Lutzke stated that this was possible but pointed out it was rare. Councilmember Paul spoke of her early reservations on this issue and stated she had no objection to going out to bid as long as the Town would not lose the \$2 million in reserves.

Mr. Alan advised that the original resolution stated there would be four more renewal periods.

Councilmember Crowley was concerned that the Town Attorney reviewed this and that the Town followed the correct procedures. Mr. Kiar advised that the resolution had been reviewed and that revisions had been made. Mr. Alan referred to Section 1 in the resolution and advised that the last sentence needed to be completed to state, "at the end of FY 2005-06." Mr. Parke advised that he had provided research that showed how the Town might utilize the competitive bid process or any other process that Council deemed appropriate. He added that the Code would need to be amended.

Councilmember Starkey asked if other resolutions had been passed since September 2002 to renew this. Mr. Lutzke responded in the negative. Councilmember Starkey referred to the resolution of September 2002, which stated that renewals were subject to approval by Council. She asked which staff member was doing this and whether other actions were taken by Council. Councilmember Starkey had never been happy with SERMA and did not like being the largest municipality in the pool.

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Councilmember Starkey questioned why the ball had dropped and recalled that Council had asked that this matter be sent out to bid during this fiscal year. Mr. Kovanes stated that he had come across this item while doing the schedule of when contracts expired. He confirmed that Council had in fact given direction to put SERMA on notice. Mr. Alan advised that it was standard practice at the end of each fiscal year, to put SERMA on notice that if the Town decided to go out to bid, the bid would be for the following fiscal year.

Mr. Kovanes indicated that the Town had no ability to move based on language executed in the agreement and added that a resolution was necessary. Mr. Parke explained the terms of the interlocal agreement and advised that although a letter was sent, a resolution had not been prepared. Councilmember Starkey pointed out that since Mr. Alan had executed the agreement, he should be familiar with the contract and should have known that a resolution needed to be placed on the agenda. She stated that this could cause the Town to pay approximately \$600,000 more this fiscal year on insurance. Mr. Alan accepted responsibility.

Councilmember Starkey questioned why a director was signing the agreement not the Town Administrator. She spoke of the seriousness of the Town's potential liability during the hurricane season and wanted assurances that the Town was covered. Mr. Kovanes accepted responsibility for this issue and indicated that the first step going forward was to pass this resolution. He advised that staff would draft an RFP immediately and set up a presentation for May or June with information from the vendors. Mr. Kovanes assured Council that the Town was covered.

Mr. Parke explained that the Town was bound by the provisions in the interlocal agreement and advised that as long as SERMA continued as a pool, the Town was still a member of SERMA. He added that the requirement for a resolution did not affect the agreement with SERMA.

Mr. Lutzke advised that he was also Chair of SERMA's Board. He indicated that the Board had traditionally accepted a letter as notice and had never enforced this aspect. Councilmember Starkey asked Mr. Lutzke if the Town could get new insurance by a resolution for the upcoming year. Mr. Lutzke stated that this would be difficult at this point. Mr. Parke felt this was for SERMA to decide but did not feel there was any feasible way to begin because of the schedule required to choose an insurance company. Mr. Kovanes asked if the process would be expedited if the Town went to another carrier using a Code amendment. Mr. Parke advised that an ordinance and two readings would be required. In addition, the Town would also have to see if SERMA would indicate the Town had not perfected the notice. Mr. Parke stated that the Town would need to advise SERMA that it was withdrawing and then secure insurance for the gap period.

Mayor Truex asked about coverage of claims made after termination, for things that occurred while the Town was a member, in the event that the Town ended its relationship with SERMA. He also asked whether the Town might be assessed any charges the following year for claims during its enrollment with SERMA. Mr. Lutzke advised that this possibility existed. Mayor Truex asked Mr. Lutzke if there was any compensation or benefit attached to his position with SERMA. Mr. Lutzke responded in the negative. Mayor Truex thought Mr. Lutzke's position might be a potential for conflict. Mayor Truex was not in favor of getting involved with lawsuits with SERMA and felt Council should go forward with this next year. He added that he was not in favor of changing the Code for this particular situation and felt the responsible thing to do was to send this out to bid.

Councilmember Paul indicated that there was too much at stake to jump into changing the Code. She felt Council should accept that departments made mistakes and move forward as it had done in the past. Councilmember Paul suggested doing a review of SERMA to examine contributions and premiums across the Board while waiting for the RFP process to take place.

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Councilmember Paul asked about attempts to bring others into the pool. Mr. Lutzke spoke of the recruiting program begun the previous year.

Councilmember Crowley felt there was not enough time to change carriers. He wanted to keep SERMA for another year and send out RFP's for the following fiscal year. Councilmember Crowley requested an opinion from the Town Attorney's Office on signing contracts and voiced his concern about the Human Resources Director signing such major contracts. Mr. Kiar advised that Council had the discretion to modify this.

Mayor Truex directed staff to start the process to send out the bids.

Councilmember Crowley made a motion, seconded by Mayor Truex, to approve subject to adding "end of fiscal year 2005-06," and going out to RFP at the beginning of 2006.

In a roll call vote, with Vice-Mayor Hubert absent, the vote was as follows: Mayor Truex - yes; Vice-Mayor Hubert - absent; Councilmember Crowley - yes; Councilmember Paul - yes; Councilmember Starkey - no. (Motion carried 3-1)

Councilmember Starkey requested copies of the annual reports from Mr. Lutzke.

Councilmember Paul advised that she would be late for the October 5th meeting and requested that Council postpone the item on Ranch Estates until her arrival at the meeting.

There being no further business to discuss and no objections, the meeting was adjourned at 12:52 p.m.

Approved \_\_\_\_\_

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Mayor/Councilmember

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Town Clerk